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C O N F I D E N T I A L AIT TAIPEI 001706

STATE FOR EAP/TC
STATE PASS USTR FOR STRATFORD AND WINELAND, TREASURY FOR
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NSC FOR LOI, COMMERCE FOR 4431/ITA/MAC/AP/OPB/TAIWAN, USDA
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TAGS: [ECON](#) [ETRD](#) [EAGR](#) [PGOV](#) [PREL](#) [TW](#)
SUBJECT: DIRECTOR AND USTR TEAM URGE PROMPT TAIWAN ACTION
ON BEEF

Classified By: Stephen M. Young, AIT Director, for reasons 1.4 (b) and (d).

¶1. (C) SUMMARY. In a December 9 meeting with NSC Secretary General Su Chi, the Director and Deputy Assistant USTR Timothy Wineland urged Taiwan to open its market to the full range of U.S. beef imports as quickly as possible. They stressed that the imminent release of the Department of Health (DOH) risk assessment report should include a clear official recommendation that U.S. beef is safe. Wineland noted that prompt resolution of the beef issue would facilitate rapid improvement in the bilateral trade relationship and avoid leaving a negative legacy for the incoming U.S. administration. Su said he wants to take a pragmatic approach in resolving the beef issue, which he recognizes as the top U.S. trade priority and a major bilateral irritant. Su observed, however, that an unpopular Ma administration is grappling with the economic downturn and the melamine scare, making beef a "psychological" problem in which timing was crucial. The Director urged Taiwan to think strategically in strengthening the overall U.S. relationship as a balance to enhanced cross-Strait ties, and warned against the risks of inaction. Su said he would personally work with DOH Minister Yeh Jin-chuan to try to ensure the risk assessment report includes a clear recommendation on the safety of U.S. beef. He also reiterated his interest in finding a pragmatic solution to the beef problem. END SUMMARY.

PARTICIPANTS

¶2. (SBU) The meeting took place at the National Security Council on December 9. The Director was accompanied by Deputy Assistant USTR Timothy Wineland, AIT/W Trade and Commercial Programs Director Rick Ruzicka, agriculture chief, and economic chief (notetaker). National Security Council (NSC) Secretary General Su Chi was joined by NSC Deputy Secretary General Ho Szu-yin and NSC staff member T.C. Cheng.

IMPORTANCE OF PROMPT ACTION

¶3. (C) The Director introduced Wineland and Ruzicka's visit as WQ_Qaccession to the WTO Government Procurement Agreement

(GPA), a process that would take place formally in Geneva later in the day. Stressing the importance of leaving a positive bilateral trade agenda for the incoming U.S. administration, Wineland said there is still time to achieve concrete progress before President Bush leaves office. The U.S. would be able to arrange a TIFA meeting and other incentives on short notice, provided the beef issue is resolved.

RISK ASSESSMENT REPORT

14. (C) Citing his December 8 meeting with Vice Minister of Health Sung (septel), Wineland noted U.S. frustration that Taiwan has not adhered to the twelve-week timeline for beef market opening outlined by Taiwan with Acting DUSTR Murayama earlier this year. Wineland also noted U.S. concern that the Ma administration seems to be allowing public opinion polling to drive its beef policy. In addition, he expressed dissatisfaction with a Department of Health (DOH) public statement following the Director's press conference last month that the administration had no immediate plans for market opening to all U.S. beef products. Finally, Wineland outlined his concerns about Vice Minister Sung's intention to publish the risk assessment report on U.S. beef without first taking a clear administration stand that U.S. beef products are safe. Simply opening up the report to public comment, as DOH appears to intend, would increase the risk that marginal voices would dominate public debate at the expense of sound science.

15. (C) Replying that he "fully shares your sense of frustration," Su said he understands the beef issue is based on scientific principle, and is of critical importance to the U.S. He added, however, that recent problems with melamine imports from China have created a strong food safety "scare factor" among the Taiwan public. Su stressed that he wanted to solve the beef issue as part of a general approach to resolve outstanding bilateral problems on a case-by-case basis, regardless of "rewards and penalties." Addressing bilateral irritants will automatically lead to improved bilateral ties, he explained. Su observed that the administration took risks in pursuing GPA accession, but fortunately the decision has thus far not engendered significant controversy.

16. (C) Deputy Secretary General Ho explained that Vice Minister Sung is now arranging for scientific experts to address public concerns upon release of the risk assessment report, which is slated to be posted to the internet on December 10. The administration "will take a firm stance" in addressing critics of the report, he stated. One month after the report's publication, continued Ho, the report's author will defend it publicly against criticism. Wineland reiterated the importance of ensuring that the report take a firm position acknowledging the safety of U.S. beef, rather than avoid making any policy recommendation. Su said he understood Wineland's concerns, and would raise the issue with Minister of Health Yeh.

PUBLIC OPINION AND TIMING FOR ACTION

17. (C) Su emphasized administration concerns about public opinion. The Ma administration must grapple with the ongoing economic crisis, the legal problems surrounding former President Chen and his family, and President Ma's own unpopularity. Recent polls, however, indicate some increase in support for the administration, and might "give Minister Yeh some backbone." Su maintained that the GPA issue differs from beef because it is relatively technical, and the issue does not scare the public as much as food safety. The administration must constantly gauge public opinion before moving ahead on beef, he said, adding that "I want to get it over as soon as possible."

18. (C) Alluding to earlier Taiwan meetings with Acting DUSTR Murayama, Wineland observed that the Ma administration has already noted its interest in balancing its cross-Strait outreach with improved relations with the U.S. Progress on

beef would enhance Taiwan's economic relationship with the U.S., stressed Wineland. At the same time, movement toward resolving pork and rice market access problems would also help restore momentum in the bilateral trade relationship and leave economic ties on a firmer footing for the new U.S. administration. Su noted that recent opinion polls showed a 5% increase in public approval of the Ma administration. A poll on beef, however, highlights the fact that the issue is "psychological." The Director noted that there was apparently no significant public opposition when Taiwan re-opened its market to boneless beef in early 2006. Wineland mentioned that South Korea is now accepting U.S. beef imports on a normal basis, and Su said the South Korean experience would figure in Taiwan's public strategy.

19. (C) The Director emphasized U.S. interest in quickly resolving the beef issue and leaving a positive bilateral trade agenda for the next U.S. administration. According to Su, the Ma administration will take a "pragmatic" approach and continue to pursue progress on beef. "GPA taught us we should be bolder in taking action," he stated. The Director observed that inaction can sometimes be more harmful than taking action. Su asserted that Taiwan wants to open its market to U.S. beef, but because the issue is so sensitive, the administration must "wait for the right moment." The Director urged Taiwan to think strategically by using progress on the beef issue as a means of reinforcing relations with the U.S. and balancing recent advances in cross-Strait relations. Su repeated the importance of "timing" in addressing the beef issue, which he described as "not of much substance, but psychological." Su observed that it "doesn't make sense" for U.S.-Taiwan relations "to get stuck on beef."

10. (C) COMMENT. As we've come to expect, Su was earnest in his desire to move ahead on beef. He appeared emboldened by the administration's positive experience with GPA accession thus far. Su's intervention will be a key factor in ensuring that the risk assessment report includes a clear position acknowledging the safety of U.S. beef. As Su's repeated references to public sensitivities and timing indicate, however, the Ma administration remains extremely cautious about testing the waters and mobilizing consensus before ultimately making a decision to press ahead on market opening. END COMMENT.

SYOUNG